

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1695 - SB 1845**

February 19, 2022

**SUMMARY OF BILL:** Requires that a Tennessee highway patrol member, who is a retiree with 25 year of service, receives 80 percent of the scheduled premium or defined contribution regardless of their date of hire.

**FISCAL IMPACT:**

**Increase State Expenditures - \$400,000/FY22-23  
\$700,000/FY23-24**

**Other Fiscal Impact – Increases in state expenditures will continue in subsequent years. Exact amounts of annual increases in the first 15 years are included in the table below.**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 8-27-204, retiree insurance coverage is not available to any retiree whose employment with the state commenced on or after July 1, 2015. The proposed legislation does not restore retiree health coverage for Tennessee highway patrol members, but rather offers eligible members a retirement health insurance subsidy.
- According to the Department of Finance and Administration, Benefits Administration, the proposed legislation will impact Other Post Employment Benefits (OPEB) liability and the actuarially determined contribution (ADC), which will be required to be adjusted in FY22-23 to fund additional benefits and increase to the OPEB liability.
- Approximately 300 highway patrol members hired on or after July 1, 2015 will be eligible for this proposed benefit and an additional 600 highway patrol members hired before July 1, 2015 will be replaced upon retirement with patrol members eligible for this benefit.
- Based on information provided by the independent actuary contracted to determine and recommend the ADC for the OPEB Trust, the following chart is the amount the ADC will need to increase each year over the next 15 years to support the proposed legislation:

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<b>Fiscal Year</b>	<b>Increase in Expenditures</b>
<b>FY22-23</b>	\$400,000
<b>FY23-24</b>	\$700,000
<b>FY24-25</b>	\$900,000
<b>FY25-26</b>	\$1,100,000
<b>FY26-27</b>	\$1,300,000
<b>FY27-28</b>	\$1,500,000
<b>FY28-29</b>	\$1,800,000
<b>FY29-30</b>	\$2,100,000
<b>FY30-31</b>	\$2,300,000
<b>FY31-32</b>	\$2,700,000
<b>FY32-33</b>	\$3,000,000
<b>FY33-34</b>	\$3,400,000
<b>FY34-35</b>	\$3,900,000
<b>FY35-36</b>	\$4,500,000
<b>FY36-37</b>	\$1,900,000
<b>Total</b>	<b>\$31,500,000</b>

- According to the Department of the Treasury, the state's payment of a retiree's health insurance premium does not impact the amount of pension liabilities in the Tennessee Consolidated Retirement System (TCRS) trust, nor the amount of TCRS benefits paid to members or beneficiaries. Therefore, the provisions in the proposed legislation do not require any additional resources or expenses for the administration of the retirement system.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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